Dart Industries Inc.
Annual Report 1976

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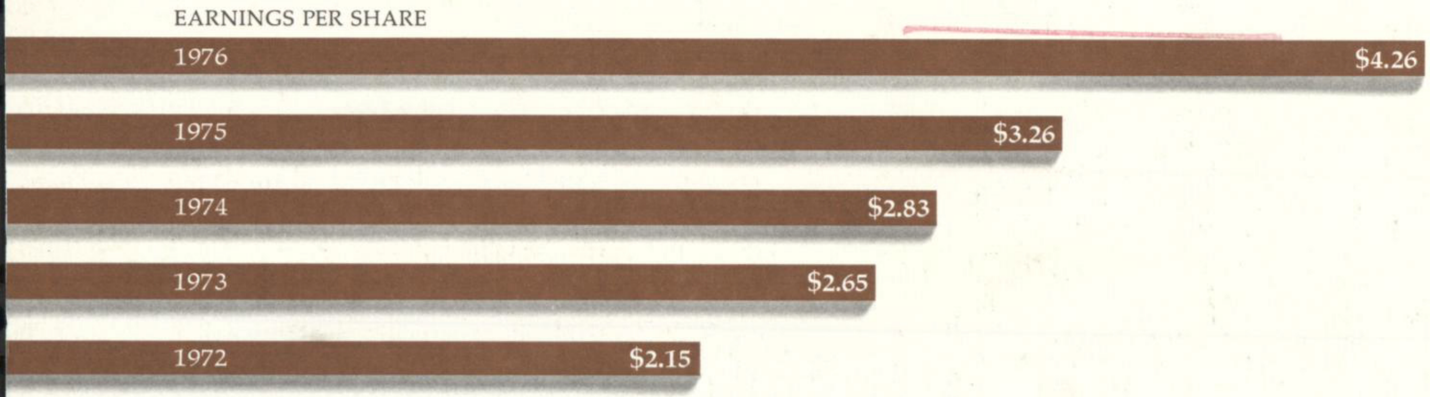

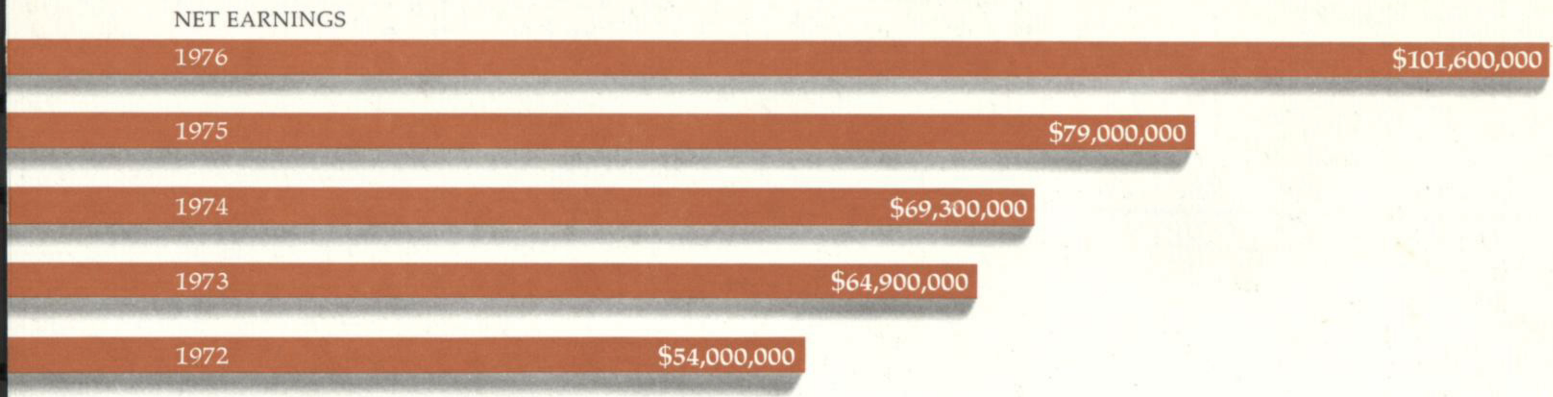

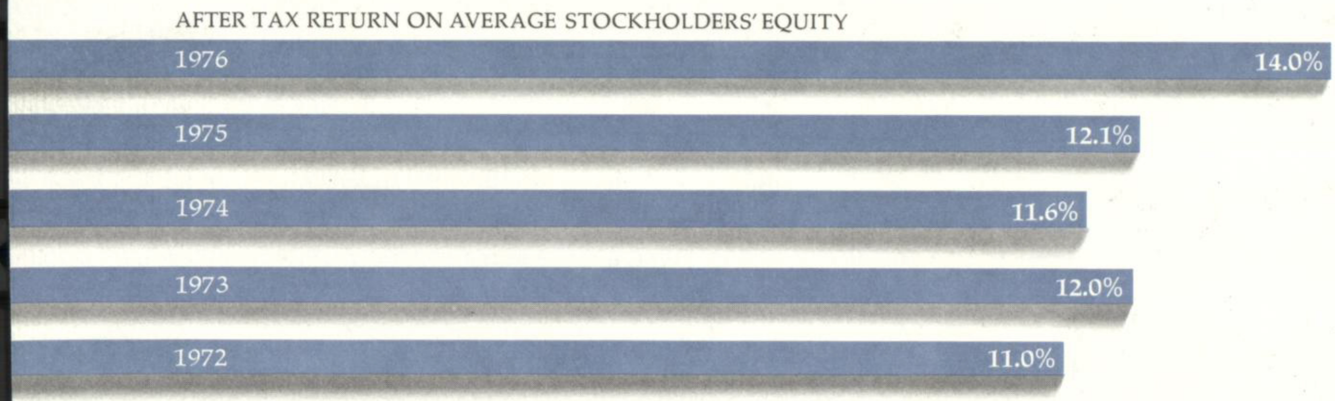

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Annual Meeting

The Annual Meeting of Stockholders of Dart Industries Inc. will be held at 9 a.m. on Thursday, May 5, 1977, at Corporate Headquarters, 8480 Beverly Boulevard, Los Angeles, California.

NOTE: Product names printed in *italics* on all pages indicate trademarks.

Company Description

Dart Industries Inc. is engaged in the manufacturing and marketing of consumer products, chemicals, plastics and packaging. Its products are sold directly to consumers in the home or through retail outlets, or indirectly through intermediate manufacturers and converters whose products are sold to consumers.

The Company's philosophy encompasses a pursuit of growth in earnings and improved return on Stockholders' equity while maintaining a stable and strong financial base. The Company has continuously operated with responsibility toward Stockholders, employees, customers and the general public, recognizing that such performance is essential to business success.

Dart Industries, with approximately 29,800 employees, is comprised of five primary lines of business:

• DIRECT SELLING • CONSUMER PRODUCTS • CHEMICALS • PLASTICS • GLASS CONTAINERS.

• The Direct Selling line of business includes *Tupperware* plastic containers for food preparation, storage and serving; *Vanda Beauty Counselor* cosmetics and toiletries; *Miracle Maid* cookware, and *Coppercraft Guild* giftware.

Tupperware and *Vanda Beauty Counselor* products are sold in the home through independent managers and dealers. Tupperware, with manufacturing plants in 14 countries plus the United States, sells its products through the home party plan in more than 30 countries. Vanda Beauty Counselor manufactures its products in four countries, and sells them directly in the home in nine countries.

Miracle Maid cookware is sold directly to the consumer through cooking demonstrations by independent demonstrators. Copper giftware and decorative accessories manufactured by Coppercraft Guild are marketed through private showings in the home.

• The Consumer Products line of business includes primarily *West Bend* cookware and electric housewares and *Syroco* home decorative accessories and casual furniture. These products, manufactured principally in the United States, are sold through department and variety stores, mail order and premium users.

• The Chemicals line of business is comprised of plastic raw materials, chemical specialties, and environmental equipment and services. Rexene Polyolefins Company manufactures and markets low-density polyethylene and polypropylene resins and the olefins from which they are produced under a joint venture with El Paso Products Company.* Independent of the joint venture, Rexene Styrenics Company manufactures and markets styrenic resins. Resins manufactured and marketed in the United States are licensed for manufacture by other firms in several countries, including the United States.

Packaging film, marketed under the trade name CT Film, is made by Consolidated Thermoplastics Company, jointly owned by Dart and El Paso.

• The Plastics line of business includes architectural products, styro and specialty products and packaging. *Wilson Art* high-pressure decorative laminates, styrocups and containers by Thompson Industries, *Colorite* garden hose, Seamless Hospital medical and surgical products, and plastic tubes by Thatcher Plastic Packaging are among the principal domestically manufactured products.

• Glass containers for food and beverages are manufactured by Thatcher Glass in six United States locations.

Dart Industries also owns two resort communities in California, which include homesites, condominiums and recreational housing.

Corporate headquarters for Dart Industries is at 8480 Beverly Boulevard, Los Angeles, California. The mailing address is P.O. Box 3157, Terminal Annex, Los Angeles, California 90051. The telephone number is 213/658-2000.

**Subsidiary of The El Paso Company*

The Year in Brief

		1976	1975
Operations	Net sales	**$1,476,240,000**	$1,280,407,000
	Earnings before taxes	**190,613,000**	156,488,000
	Net earnings	**101,613,000**	78,988,000
	Earnings per share of Common Stock		
	Primary	**4.26**	3.26*
	Fully diluted	**4.00**	3.10*
	Return on average Stockholders' equity	**14.0%**	12.1%
	Return on net sales	**6.9%**	6.2%
At Yearend	Current assets	**$ 708,883,000**	$ 609,238,000
	Current liabilities	**243,283,000**	215,161,000
	Working capital	**465,600,000**	394,077,000
	Long term debt	**241,188,000**	214,133,000
	Stockholders' equity	**765,077,000**	683,776,000
	Shares of Common Stock outstanding	**22,438,100**	22,419,100*
	Shares of Preferred Stock outstanding	**2,953,500**	2,953,900

**Adjusted for 3% Common Stock dividend paid in May 1976.*

Sales and Pre-tax Earnings by Lines of Business

(Dollar amounts in millions)	1976		1975		1974		1973		1972	
	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS
Direct Selling	**$ 512**	**$133.1**	$ 459	$108.4	$ 394	$ 98.0	$305	$ 77.0	$246	$ 59.8
Consumer Products	**228**	**24.0**	224	17.0	233	18.7	203	15.2	225	17.6
Chemicals	**220**	**30.1**	161	28.2	193	58.9	131	22.3	101	12.2
Plastics	**277**	**16.8**	226	11.5	226	23.5	202	23.2	172	21.3
Glass Containers	**229**	**29.8**	200	30.0	163	18.8	142	13.4	125	17.0
Resort Development	**10**	**(15.3)**	10	(17.5)	9	(34.9)	10	(7.1)	23	.3
Totals	**$1,476**	**$218.5**	$1,280	$177.6	$1,218	$183.0	$993	$144.0	$892	$128.2

The earnings presented above are before deduction of certain corporate expenses, interest expense and income taxes, and before addition of certain other income. International operations are included. Direct Selling includes Tupperware sales as follows: 1976—$442; 1975—$382; 1974—$312; 1973—$232; 1972—$187.

Letter to Stockholders

In last year's annual report to Stockholders, we described the three-part program we are working on to increase the long-term value of Dart Industries' shares through a continuation of earnings growth, an improvement in return on Stockholders' equity and the maintenance of a conservative debt posture, including a strong cash position.

In this letter we will review the year just ended in the light of this program and our plans for its further implementation.

Earnings Growth Continues For Sixth Consecutive Year

For the sixth consecutive year net earnings, earnings per share and sales increased. Net earnings exceeded $100 million for the first time. Return on average Stockholders' equity improved to 14 percent.

Earnings per share of Common Stock were $4.26, a 31 percent improvement over 1975 earnings per share of $3.26, restated for the three percent Common Stock dividend paid in May 1976.

Net earnings in 1976 were $102 million, 29 percent ahead of net earnings of $79 million in 1975.

Sales in 1976 were $1.48 billion, up 16 percent from $1.28 billion in 1975.

Leading the improvement in operations were the Direct Selling, Consumer Products and Plastics Groups, whose performances throughout 1976 were stronger than the prior year.

Chemical Group results were ahead of 1975, with all the improvement coming in the first half of the year. During the latter half of the year, polyethylene and polystyrene operations came under margin pressures from competitive pricing. In addition, the delayed start-up of the new polypropylene plant in Bayport, Texas, reduced earnings further.

Glass container operating results came very close to equalling their all-time high of 1975—a good achievement in view of the extensive furnace renovation program initiated and completed during 1976.

Company operations outside of the United States also showed improvement over the prior year despite the devaluations of local currencies in a number of countries. After-tax earnings from international operations were $33 million compared with $27 million in 1975. International sales of $364 million were 25 percent of total Company sales in 1976 and compared with $340 million, or 27 percent, in the prior year. Foreign exchange losses were negligible in 1976, whereas in 1975, exchange losses were $2 million.

The geographic distribution of Company sales follows:

	1976	1975
United States	**$1.11 billion**	$941 million
Western Hemisphere (outside U.S.)	**85 million**	85 million
Europe and Africa	**207 million**	191 million
Pacific Area	**71 million**	64 million
Total	**$1.48 billion**	$1.28 billion

Return On Stockholders' Equity Improves To 14 Percent

Return on average Stockholders' equity improved from 12.1 percent in 1975 to 14 percent in 1976 toward our initial goal of 15 percent after tax. Direct Selling and Consumer Products operations assisted most prominently in achieving this improvement during 1976.

Following a reassessment of our businesses, a decision was made to eliminate or change certain divisions operating at a loss or that do not fit our plans to improve return on investment and the quality of earnings. Evaluating our businesses against these criteria is a continuing process.

The decision included phasing out a direct selling cosmetics operation in Italy and a cosmetics manufacturing plant in Belgium and changes in operating methods of a counter-top manufacturing division in the United States, several packaging companies in Europe, and certain surgical instrument operations in Europe and the United States. Provisions for the costs of these actions have been made in 1976 financial statements.

In addition, early in January 1977, Rexall Drug Company operations in the United States were sold for $16 million in a cash transaction. Net cash inflow after tax benefits will approximate $20 million. Rexall-U.S. net sales in 1976 were $45 million with a pre-tax profit of less than $1 million. Essentially, this action takes Dart Industries out of the drug-related business which was the principal business from its founding in 1902 through the 1950's. With this sale, we have completely restructured our operation in the past 20 years. In 1956 the Company was a "drug store company." Today our business is almost 100 percent in other product areas.

Financial Condition Adequate To Support Projected Growth

In December 1976 the remaining $25 million was received of the $50 million loan arranged in 1975 with a group of insurance companies. Our debt ratio, 32 cents per $1.00 of Stockholders' equity at year-end 1976, remained conservative.

Figures indicative of the Company's financial strength are:

	1976	1975
Total Assets	**$1.33 billion**	$1.19 billion
Stockholders' Equity	**$765 million**	$684 million
Per share of Common Stock	**$27.52**	$23.91*
Cash and Marketable Securities	**$189 million**	$157 million
Current Ratio	**2.9:1**	2.8:1

* Restated for 3% stock dividend paid in May 1976

The Company's year-end financial statements indicate that we are in a strong position to support projected growth and increased working capital requirements from internal sources. This financial strength also has permitted the Company to substantially increase its cash dividend on the Common Stock.

Cash Dividend Increased On Common Stock

The Company's excellent financial condition has permitted two increases in the cash dividend within three months, bringing the 1977 quarterly rate to 25 cents per share, or an annual rate of $1.00 per share.

The first increase, from 16 to 20 cents a share, was approved by the Board of Directors in November 1976. The second increase, from 20 to 25 cents per share, was approved by the Board at its February 8, 1977, meeting. It is payable March 25, 1977, based on a record date of February 25, 1977.

In addition, at the February 1977 meeting, the Board declared a three percent stock dividend on the Common Stock payable May 26, 1977, to Common Stockholders of record April 8, 1977. In 1976, the Board declared a three percent Common Stock dividend that was paid in May of that year.

The two cash dividend increases, which totaled 56 percent, are indicative of the Board's intent to increase the percentage of earnings paid out in cash dividends as earnings and future conditions permit.

Although dividend policies are under constant review by the Board of Directors, it is the intent in the future to consider both possible stock dividends and increases in the cash dividend at the regular February Board meetings starting in February 1978. Previously, increases in the cash dividend have been considered at the November meeting, and the stock dividend has been considered in February.

Capital Expenditures Increase To Record $110 Million

During 1976, capital expenditures amounted to a record $110 million, bringing new potential for growth in areas important to the Company's future:

- increasing by 20 percent our capacity to produce Tupperware products;
- more than doubling our 135-million-pound annual capacity to produce polypropylene resin (part of joint venture with El Paso Products Company);
- further modernizing and incrementally expanding Thatcher Glass;
- expanding our growing specialty chemical and U.S. packaging operations;
- improving manufacturing efficiencies at the West Bend division.

For 1977, $120 million is being budgeted—again, principally for those divisions which are approaching, equalling or exceeding return on investment goals. Division management is cognizant that requests for capital funds for expansion continue to be matched against operating performance and future business potential. Those which approach or surpass return on investment goals get favorable treatment. Those which do not, receive what is needed to sustain their established earnings and normal growth within their respective markets. However, expansion requests from divisions with lower-than-target return on investment are reviewed most carefully and, if granted, closely monitored against projections.

Expenditures for plant and equipment in recent years have substantially increased over prior year levels. Accordingly, depreciation and amortization increased to $52 million in 1976, up from $46 million in 1975, and is expected to be about $60 million in 1977.

The larger new plant and equipment expenditures also yielded $6.9 million in investment tax credits applied to reduce United States income taxes compared with $2.6 million in 1975. For 1977, assuming the investment tax credit percentage established by Congress is not changed, we estimate the credit will be $3.6 million.

Del Favero, Phifer Elected Company Vice Presidents

John P. Del Favero and John C. Phifer were elected vice presidents in May 1976.

Mr. Del Favero, 48, became president and chief executive of the Plastics Group in April 1976. Previously he had served four years as chief executive officer of U.S. Natural Resources, Inc., and prior to that spent three years as executive vice president of Memorex Corporation. He has extensive background in product development, engineering and manufacturing, having served 11 years in managerial positions at IBM.

Mr. Phifer, 47, has been executive vice president, Finance and Administration, for the Chemical Group since October 1974. Previously he was executive vice president, Planning and Controls, for the Group. Prior to joining the Company in August 1971 as vice president, Planning and Financial Controls for the Group, Mr. Phifer spent eight years in executive capacities at North American Rockwell.

Changes Announced In Board of Directors

Alfred M. Gruenther, 77, who has been a member of your Board of Directors and its Executive Committee since 1964, will not stand for reelection to the Board at the annual meeting of Stockholders in 1977. He also has been serving as chairman of the Executive Personnel Committee, and as a member of the Board's Audit, and Stock Option and Incentive Compensation Committees.

General Gruenther, a retired four-star Army General, is world renowned for his distinguished military record during World War II following which he served as Chief of Staff, Supreme Headquarters of Allied Powers in Europe and later as Supreme Allied Commander, Europe. After retirement from military service in 1956, General Gruenther became president of the American Red Cross, a position he held until 1964.

During his 13 years on Dart Industries' Board, General Gruenther has provided valuable advice and direction to management. We are appreciative of his dedication and loyalty and are fortunate indeed that he will continue to be of service as a consultant to the Company.

Edward E. Carlson, 65, chairman and chief executive officer, UAL, Inc., will succeed General Gruenther as a member of the Board's Executive Committee, as chairman of the Executive Personnel Committee, and as a member of the Stock Option and Incentive Compensation Committee. Mr. Carlson joined the Board in February 1976.

Helen K. Copley, 54, resigned from the Board of Directors on February 8, 1977. Mrs. Copley advised the Board that she is reducing many of her outside commitments in order to concentrate more on her responsibilities as chairman and chief executive officer of The Copley Press Inc., publisher of nine daily and 27 weekly newspapers. Mrs. Copley was elected to the Dart Industries Board on August 3, 1976.

John C. Cornelius, 76, who had been a member of the Board of Directors since 1955, retired from the Board at the annual meeting last year. Mr. Cornelius' contributions to our Company extend beyond his 21 years as a director. A veteran of more than 30 years in the advertising field—12 as executive vice president of BBDO Advertising Agency—he probably contributed more to the growth of Rexall products in the 1950's than anyone outside of Company personnel. We are pleased that he continues to serve as an honorary director of our Board.

Special Message from Justin Dart

At a special meeting of the Board of Directors on September 22, 1976, Thomas P. Mullaney, 43, was elected president and chief operating officer of your Company, a member of the Board and of its Executive Committee. He assumed these responsibilities November 1, with all operating group chief executives reporting directly to him.

Your Board of Directors and officers feel very fortunate that we have found a man of Tom's background and experience. As I reported to you at the time of his selection—it was a long and arduous search that paid off. I can't imagine a man more uniquely qualified for this position.

For the six years prior to joining us, he was the very successful president and chief executive officer of the Wilson Sporting Goods division of PepsiCo., Inc. Under his leadership, that division more than doubled its sales and quadrupled its profits.

Of equal importance to your Company is the 10 years he spent—the last five as a partner—with McKinsey & Company, Inc., a management consulting firm in New York. During that period, he gained extensive experience in dealing with a diverse range of marketing, operational and management activities. Thus, he has felt right at home in your Company's diversified activities.

A native of Connecticut, Tom earned a Bachelor of Science degree in Civil Engineering from the University of New Hampshire in 1954. He also holds an MBA degree granted with distinction from the Harvard Graduate School of Business.

Outlook Favorable For Seventh Year of Improved Earnings

1977 should be the seventh consecutive year of improved earnings for the Company. We presently expect that earnings in the first quarter of 1977 will be below the $1.17 earnings per share of a year ago. Earnings per share in the first quarter of 1976 were inflated 14 cents by advanced buying by customers who then anticipated a Teamsters' strike, and the results of the first quarter of 1977 will not equal the implied operating earnings of $1.03 of last year's first quarter.

The first quarter forecast is, in part, based on the storms and extreme cold weather conditions in the eastern, southern and midwestern United States, which have had a negative impact on operations.

Earnings should improve in the second quarter and continue improving in the latter half of the year.

Justin Dart
JUSTIN DART
Chairman and Chief Executive Officer

Donald H Brewer
DONALD H. BREWER
Vice Chairman of the Board

Thomas P. Mullaney
THOMAS P. MULLANEY
President and Chief Operating Officer

March 2, 1977

From left to right, Justin Dart, Chairman and Chief Executive Officer of Dart Industries; Donald H. Brewer, Vice Chairman of the Board and Executive Vice President, Finance and Administration; and Thomas P. Mullaney, President and Chief Operating Officer.

Consumer Products

Direct Selling Group

One of the advantages of the direct selling business, in which products are sold to customers in the comfort and privacy of their homes, is that it permits a closer relationship between the salesperson and customer and a better opportunity to demonstrate the products. Additionally, direct selling facilitates the introduction of new products through its distributor and dealer network without costly advertising. Direct selling also tends to be contra-cyclical to declines in the economy in that more people are interested in part-time selling during such periods.

Dart Industries' Direct Selling Group* is comprised of Tupperware, which manufactures and markets plastic housewares, and Vanda Beauty Counselor, which manufactures and sells cosmetics and toiletries.

Hamer F. Wilson, Executive Vice President; Chairman and Chief Executive Officer, Direct Selling Group

Tupperware Division Sets New Records—Again

The Tupperware division celebrated its 25th anniversary in 1976 with new records in sales and earnings in each of its major geographic areas: Western hemisphere, Europe and Africa, and Pacific. Efficiency of the independent sales force improved during the year with more home party demonstrations being held than ever before.

In 1951, the Tupperware company consisted of one manufacturing plant, 22 products, 14 independent distributors and 2,500 dealers serving a potential of 151 million people in the United States.

Today the Tupperware product line is comprised of 130 plastic houseware products for storing, preparing and serving food. Worldwide in over 30 countries Tupperware distributors, managers and dealers now serve a potential market of over one billion people. The division currently has four manufacturing plants in the United States plus plants in 14 other countries.

The activities of the Tupperware division outside the United States continue to account for more than 50 percent of division sales and earnings, although the United States market in 1976 showed growth in both sales and earnings.

During 1976, Tupperware in the Western hemisphere, led by the United States, realized its best year in both sales and earnings. New products were released at a rate of approximately one every 60 days. They included some products that initially were developed, manufactured and marketed overseas and now are manufactured in the United States, thus demonstrating the interchange of technology between countries and the universal appeal of Tupperware products.

Tupperware Division Expands Capacity By 20 Percent

Tupperware manufacturing capabilities were expanded during the year, increasing worldwide capacity by 20 percent. In the United States, the new 650,000-square-foot manufacturing plant at Hemingway, South Carolina, came on-stream in the second quarter. A new manufacturing plant in Brazil became operational, permitting sales to be initiated in that country by mid-year. Operations in Brazil became modestly profitable in November and December. Tupperware-Mexico more than doubled production capacity in support of a better than 40 percent increase in sales volume, although improvement in operating earnings was affected adversely by devaluation of the peso.

Additional production capacity also was added during 1976 in Canada, Greece, France, Spain, Japan, the Philippines and Australia. Construction will begin in 1977 on a new, larger plant to replace the current facility near Auckland, New Zealand. New equipment was added to the division's mold-making facilities in Australia and the United States. These expansions further strengthen the Tupperware division's practice of manufacturing products in its various marketing areas.

The ability of Tupperware to continue growing despite fluctuating economic and social conditions was again demonstrated in 1976. In spite of significant currency

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**For Lines of Business reporting (page 2) sales and earnings of Miracle Maid and Coppercraft Guild, discussed on page 11, are included in Direct Selling.*

devaluations in Italy, the United Kingdom and Mexico, exceptional sales growth was recorded in those countries. Tupperware products continued to demonstrate their value and importance to homemakers faced with rising food prices and changing lifestyles, which place increasing value on saving time and money.

For 1977, the division anticipates another year of growth in sales and earnings.

Vanda Beauty Counselor Division Shows Progress

Progress continued to be made by the Vanda Beauty Counselor division in the United States, where losses were substantially reduced. Marketing activities were centralized at headquarters in Orlando, Florida. Distributors were increasingly selected on the basis of their prior success in direct selling. The product line of basic skin care items, fragrances, makeup, nail care and bath products, and men's grooming aids was standardized worldwide and has been trimmed to 255 items from a high several years ago of 700. This is resulting in lower product development costs and reduced inventories.

Operations of the division in South Africa and Canada were profitable in 1976. Australian operations were essentially at the break-even point. Results in France were affected by costs associated with the consolidation of operations at Tours and the accompanying move of headquarters from Paris.

After a reexamination of Vanda Beauty Counselor operations country by country, the decision was made to consolidate European production in the existing manufacturing plant in England and to phase out cosmetics manufacturing in Belgium. In addition, sales and warehouse operations in Italy are being phased out. Production in the United States is being contracted with outside manufacturers.

TUPPERWARE

The Tupperware division's new manufacturing plant near Rio de Janeiro, Brazil, became operational during 1976, permitting sales in that country to be initiated by mid-year.

Consumer Products Group

The Consumer Products Group had a banner year in 1976. Operating profits were at a record high and investment was reduced, resulting in a substantially higher return on investment.

Housewares Division Has Excellent Year

The Housewares division, which includes West Bend and Miracle Maid U.S. and Canada, showed significant improvement in both sales and earnings.

West Bend manufactures aluminum and stainless steel cookware, small electric appliances, and humidifiers. During the year, product lines were simplified or discontinued, and manufacturing and marketing emphasis was concentrated on higher volume products.

New West Bend products introduced at the National Housewares Show in January 1977 include a *Slo-Cooker Plus* oblong-shaped automatic cooker, which accommodates larger cuts of meat and poultry and has a separate base that can be used as a mini-grill; a *Fryette* miniature deep fryer for cooking small servings of French fries, onion rings, shrimp, chicken and similar foods; and a line of heavy gauge aluminum cookware featuring a new long-lasting, easily cleaned surface. Other new products are scheduled for introduction during 1977.

The Miracle Maid division,* which sells cookware directly to the consumer through demonstrations in the home, introduced an improved line of cookware. The new line combines a *Gem Coat* aluminum exterior—an exclusive West Bend process—with *MiraClad* stainless steel interior, thus improving appearance, performance and durability, and making it easier to clean.

An extensive reformation of the Housewares division's manufacturing facilities, started in 1976, is well underway. All Miracle Maid products will be manufactured in Sheridan, Arkansas, following the transfer of operations from both Ogden, Utah, and West Bend, Wisconsin. The 100,000-square-foot Ogden facility will be sold. Stainless steel cookware manufacturing at Sheridan is being transferred to West Bend into a redesigned facility capable of providing all stainless steel cookware requirements for the division. This reformation, scheduled for completion by September 1977, will result in important cost-saving efficiencies.

Robert T. Beattie, Executive Vice President; President and Chief Executive Officer, Consumer Products Group

Home Furnishings Division Nearly Doubles Earnings

The Home Furnishings and Giftware division nearly doubled its operating earnings in 1976. Five of seven profit centers in the division achieved record earnings. The improvement was led by Syroco U.S., manufacturer of decorative accessories for the home, which showed a strong advance in shipments to direct selling companies. Manufacturing economies enabled Syroco to enjoy the full benefit of higher volume. A broad variety of new products for marketing primarily through mass merchandisers and discount outlets has been designed to increase the range of applications for Syroco items within the home. Syroco operations in Canada also showed considerable improvement.

Coppercraft Guild's* line of giftware sold directly to the consumer generated record sales and earnings in 1976 in both the United States and Canada. Under new management in the United States, sales and profit margins increased substantially. A firm foundation has been established for the continued growth of this operation.

Nappe-Smith, maker of insulated bags and specialty carrying cases, achieved substantially higher 1976 results by developing and aggressively marketing a number of special purpose carrying cases while also increasing the retail and premium segments of its business.

Babcock-Phillips introduced a line of contemporary casual furniture and has received strong consumer acceptance in its first year of sales. During 1976 it became necessary to add production capacity. Start-up costs held Babcock-Phillips to a small increase in earnings for the full year.

Thermo-Serv, which manufactures insulated serving accessories, experienced moderately lower profits due to a reduction in volume in the premium segment of its business. The division recently introduced several innovative new products which should reverse the decline in premium sales while also providing more volume in its growing retail markets.

As discussed in the Letter to Stockholders, most of the Rexall Drug division has been sold in accordance with previously announced plans.

The Consumer Products Group's return on investment should increase again in 1977 as a result of higher earnings on lower Group investment.

**Sales and earnings of Miracle Maid and Coppercraft Guild are included in Direct Selling in the Lines of Business table on page 2.*

Chemicals, Plastics and Packaging

VANCE
Catheterization Tray
Mini Ki
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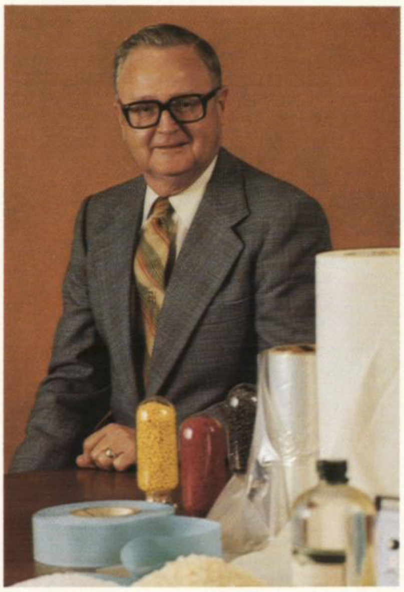
21
22

Chemical Group



Ralph M. Knight, Executive Vice President; President and Chief Executive Officer, Chemical Group

The Chemical Group had the second best year in its history even though it was only slightly ahead in earnings compared with 1975.

Plastic Raw Materials Sector Affected By Economic Slow-down

Results, particularly for the last half of the year, of all elements of the Plastic Raw Materials sector were disappointing. The slow-down in economic growth, accentuated in the latter half of the year, resulted in plant operating rates below design capacities. Results of polypropylene resin operations were negatively affected by the start-up costs of the new production facility* at Bayport, Texas.

The long-range projected growth in the use of plastic resins continues favorable. United States' annual demand for polypropylene is expected to increase 73 percent over 1976 levels by 1980. The annual domestic use of low-density polyethylene is anticipated to grow 50 percent by 1980 from its 1976 level.

With the sector's new 150-million-pound-per-year polypropylene plant now operational, providing annual capacity of 280 million pounds, and with a moderately improved economy, 1977 is expected to be a better year for plastic resins.

Construction also was started during 1976 on a 150-million-pound-per-year low-density polyethylene plant* at the Bayport site, adjacent to the new polypropylene plant. The polyethylene plant is scheduled for start-up early in 1978, adding to the sector's annual production capacity of 400 million pounds.

The sector's plastic resin operations were realigned into two companies, Rexene Styrenics Company and Rexene Polyolefins Company, to better focus marketing and technical resources on the unique opportunities in the two general product areas of styrenics and polyolefins.

During 1976, Dart Industries and El Paso Products Company, a subsidiary of The El Paso Company, extended their operating agreement covering the jointly owned petrochemical operations at Odessa and Bayport for a period of 20 years to 1995.

A new facility for the production of Dart concentrate, a component used in the manufacture of high-impact formulations of acrylonitrile-butadiene-styrene plastic resin (ABS), was successfully started up at Rexene Styrenics' Joliet, Illinois, plant. These high-impact resins are used primarily in the manufacture of parts for automobiles and appliances.

Although sales at Consolidated Thermoplastics Company*, manufacturer of packaging film, increased, raw material cost increases and a lengthy strike at one plant reduced 1976 earnings. This division is expected to resume its growth in 1977.

Chemical Specialties Sector Reports Record Year

Chemical specialties had a good year in 1976. Both sales and earnings rebounded from the recession of 1975 to record highs. Improved performance was broad-based with all divisions of the sector participating. The earlier expansions at Wilson Products and Synthetic Products were brought into use. Fiberfil's performance in the marketing of fiberglass-reinforced thermoplastics during 1976 improved due to recovery of the automotive industry. An expansion of the Catalyst division at its Bayport site was successfully brought into full production. Another good year for the Chemical Specialties sector is expected in 1977.

Sales Of Environment And Services Sector About Equal Prior Year

The Environment and Services sector provides pollution control services and manufactures products to purify water, treat industrial waste and control air pollution. The products include chlorinators and control systems, air scrubbers, wet electrostatic precipitators, reinforced plastic tanks, and related equipment.

**Jointly owned with El Paso Products Company*

Sales of chlorinators and water purification control systems by Capital Controls were substantially better in 1976 than in 1975 as volume picked up and product line improvements and new control systems were introduced. Overseas markets for these products are showing increasing potential.

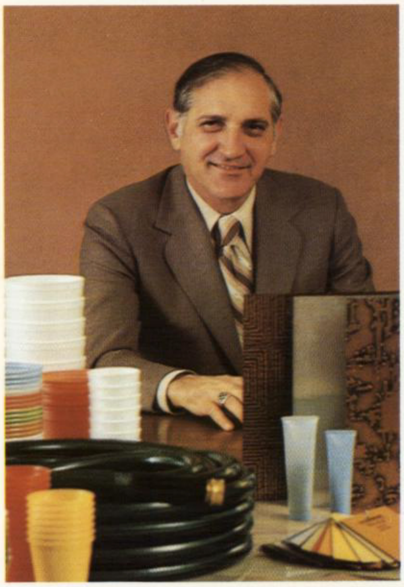
Heil Process Equipment Company, maker of pollution control and chemical processing equipment, began producing fiberglass-reinforced plastic tanks in its plants in the eastern United States. These tanks, which are used for storing flammable liquids underground, were designed, developed and originally fabricated by Century Fiberglass, a West Coast division producing similar products. Century also is working with the Fluid-Ionic Systems division by producing components for its *Hydro-Precipitrol* wet electrostatic precipitators. These units remove airborne pollutants from industrial gas streams.

Basically, the year was one of consolidation and stabilization for the sector, with sales about the same as for 1975. The year 1977 is expected to see the Environment and Services sector return to a good growth rate.

In other areas, significant effort was extended to further develop the Group's ability to assure compliance with new regulatory and consumer requirements, to overcome inflationary pressures through increased productivity and efficiencies, to provide process innovations to expand our capabilities, and to supply new products for the marketplace.

The Chemical Group ended 1976 with a stronger base for growth as a consequence of capital improvements and expansions, reorganization and management development programs, and broadening of research and development efforts in support of existing operations.

Plastics Group



John P. Del Favero, Vice President; President and Chief Executive Officer, Plastics Group

While 1976 performance of the Plastics Group showed marked improvement over 1975, final results for the Group were affected by the decision to change the operating methods of a number of divisions that have not been sufficiently profitable, as reported in the Letter to Stockholders.

Ralph Wilson Sector Benefits From Accelerated Construction Market

The Ralph Wilson Plastics sector, producer of laminates for interior surfacing in homes and commercial buildings, reported record sales and substantially increased earnings due to accelerated housing and commercial construction. In addition, the successful introduction of new laminates, including simulated marbles, metallic and woodgrain patterns, enabled the Wilson Art division to further broaden its customer base. A new adhesive plant to serve the West Coast market is now in operation in the Seattle, Washington, area.

Styro Products Sector Increases Earnings, Expands Production Capacities

Gains in sales and earnings were recorded by the Styro and Specialties sector. A plastic cutlery line has been added by Thompson Industries, manufacturer of *Styrocup* plastic cups and food containers. Completion in the second quarter of 1977 of Thompson's eleventh manufacturing facility, a new 43,000-square-foot plant near Kansas City, Missouri, will enable the division to better compete in the growing midwestern United States market. Rexcel has started production of plastic containers for delicatessen and dairy products in its new 50,000-square-foot plant at Shenandoah, Georgia. The plant has been situated to reduce distribution costs throughout the southeastern United States.

Canada Cup, which serves Canadian markets, reported improved results in 1976.

A new plant in Montreal, which started up in February 1977, will support the marketing of plastic cups and dinnerware throughout eastern Canada.

Sales of the Seamless Hospital division increased with the addition of medical kits and disposable surgical drapes to its product lines. Colorite Plastics also experienced good sales and earnings gains in its garden hose and plastic compounding business. The transfer of Seamco's sporting goods manufacturing to a new plant in Georgia had a negative impact on 1976 earnings due to relocation and start-up costs. The division is expected to contribute to profitable operations in 1977. Action Plastics' record of improving earnings through successful marketing of its plastic specialties continued.

Packaging Sector Makes Strong Recovery In 1976

The Packaging sector, which manufactures tubes, closures and seals used in packaging consumer products, recorded a strong recovery in the United States. Plastic bottle operations in Australia benefited from favorable consumer demand.

The Plastics Group outlook for 1977 is for further improvement in sales and earnings over 1976.

Glass Containers Group

In 1976, Thatcher Glass increased its sales seven percent and came close to equalling its record 1975 earnings while also achieving its planned program of internally rebuilding furnaces to expand production capacity by about five percent. Full operations, uninterrupted by rebuilding activities, are anticipated for 1977.

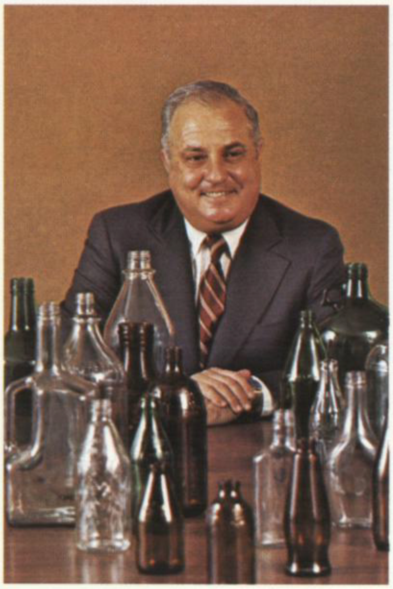
Thatcher Broadens Market Potential With Lightweight Bottle

The lightweight bottle introduced in 1975, which weighs approximately seven percent less than conventional 12-ounce glass containers, was well received by customers throughout 1976. Faster filling speeds have been achieved by bottlers using this package. Thatcher expects that by the end of 1977, it will have fully modified all beer bottle-making machines to produce the lightweight container so that the division will be in a position to continue expanding sales of this new product. The lightweight container continues to place Thatcher and the glass industry in a favorable position to improve its share of packaging requirements for the beer and beverage industries.

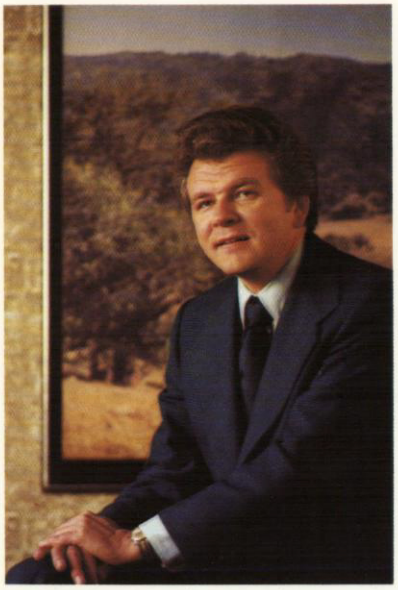
As forecast, in 1976 Thatcher continued to receive less natural gas to heat its glass-making furnaces. The division converted additional furnaces so they can utilize either natural gas or alternate fuels and is continuing to equip them for improved economic operation when the higher cost alternates are required. This conversion will be accomplished during normal furnace rebuilding programs in 1978. There do not appear to be shortages for 1977 of the raw materials, such as sand and soda ash, that are necessary to produce glass containers.

During 1976, additional legislation designed to reduce litter and discourage the use of non-returnable containers of all kinds was proposed at the federal, state and local levels and enacted in three states, to become effective in 1978. It is too early to predict what effect such legislation will have on glass container sales. However, Thatcher is confident that the glass bottle, because of its recyclability, raw material availability, cost advantage and ability to be reused, will continue to be a leading packaging product.

With Thatcher's facilities now in a position to achieve maximum production for the entire year, the division expects record sales and earnings for 1977.



William H. Greenberg, Vice President; President and Chief Executive Officer, Glass Containers Group



Sidney M. Karsh, President, Dart Resorts. Mr. Karsh, 38, was appointed president of the Dart Resorts division in April 1976. He joined the Company in 1971 as Assistant to the President of Dart Resorts and was promoted to Vice President of Operations for the division in October 1974. He served in that position until becoming president.

Dart Resorts

With a strong surge in homesite sales throughout 1976 at the Bear Valley Springs resort community, Dart Resorts came closer than expected to equalling division sales of the prior year. Over 450 lots were sold at Bear Valley Springs, almost triple the number sold in 1975. Bear Valley Springs is located in Southern California, approximately 2½ hours driving time from Los Angeles.

The ban on homesite sales in the area just north of Lake Tahoe, which includes Dart Resorts' Tahoe Donner resort community, continued during 1976. The ban was issued early in the year by the California Department of Real Estate pending assurance of adequate sewage disposal facilities in the area. Based on plans announced by the new Tahoe-Truckee Sanitation Agency, current indications are that the ban could be lifted during 1977.

As anticipated in last year's annual report, 1976 also saw the resolution and settlement of purported class action lawsuits at the Bear Valley Springs and Valley Hi developments. A third suit involving the Alta Sierra and Prosser Lakeview Estates projects in Northern California, in which the Company has a minority interest, is in the settlement process, and is expected to be completed in March 1977. The Company's financial exposure in this lawsuit is limited and already has been provided for.

Over 500 Private Homes At Two Resort Communities

There now are 504 private-owner homes completed or under construction at Bear Valley Springs and Tahoe Donner. In relation to the total of 3,896 lots sold at the two projects, these privately owned houses represent a build-out of 13 percent, an excellent rate in comparison with other similar resort communities. In addition, 201 condominium units had been sold to private owners by year-end 1976.

Because of today's environmental pressures and high construction costs, it would be almost prohibitive economically to duplicate resort communities such as Bear Valley Springs and Tahoe Donner. Therefore, in the long run, demand for homesites at these properties should improve.

On the basis of year-to-date sales, prospects for the Dart Resorts division for 1977 look promising.

Financial Statements

Report of Independent Accountants

Price
Waterhouse & Co.

606 South Olive Street
Los Angeles 90014

March 2, 1977

To the Board of Directors and
Stockholders of Dart Industries Inc.

In our opinion, the accompanying consolidated financial statements on pages 18 to 30 present fairly the financial position of Dart Industries Inc. and consolidated subsidiaries at December 31, 1976 and 1975, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Summary of Accounting Policies

Basis of consolidation The consolidated financial statements include the accounts of Dart and its subsidiaries except for its wholly-owned finance and insurance subsidiaries, whose operations are not significant, and two 50% or less owned foreign corporations, all of which are accounted for on the equity method. Significant intercompany accounts and transactions are eliminated.

Dart is a party to a joint operating agreement whereby it has an undivided 50% interest in plant and other assets relating to the production and marketing of certain petrochemicals, and is also a 50% owner of a plastics processing corporation with the same other party. The accompanying statements include 50% of the assets, liabilities, income and costs and expenses of these jointly owned activities.

Translation of foreign currencies Foreign subsidiary balance sheet accounts for inventories, prepaid expenses, deferred income taxes, properties, investments and other assets are translated into United States dollar equivalents at historical exchange rates; cash, receivables and all liability accounts are translated at yearend exchange rates. Income and expense accounts are translated at the average rate of exchange in effect during the year except for cost of goods sold, depreciation and amortization which are translated at historical rates. Exchange gains and losses are included in the determination of current year earnings.

Inventories Inventories are valued at the lower of cost or market. In general, cost as applied to inventory valuation represents purchase or manufacturing cost applied on the first-in, first-out method. Obsolete and damaged merchandise is excluded.

Properties and depreciation Expenditures for additions, improvements, replacements, betterments and major renewals are added to the properties accounts. Properties retired, or otherwise disposed of, are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts. Gains and losses from disposals are included in earnings. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

Depreciation of properties is provided chiefly on a straight line basis over the estimated average useful lives of the various assets. Lives used for calculating depreciation rates for the principal asset classifications are as follows: buildings and improvements—10 to 50 years; machinery and equipment—3 to 20 years.

Intangibles Intangibles having a limited life are amortized over their estimated useful lives. Certain intangibles acquired prior to October 31, 1970 are considered to have an unlimited life and are not being amortized.

Research and development Expenditures for research and development are charged to earnings as incurred.

Income taxes Provision is made for deferred income taxes and future income tax benefits applicable to timing differences between book and tax income. Declining balance and guideline depreciation and the instalment method of income recognition generally are used in the determination of income for tax purposes where applicable.

Investment tax credits are applied to reduce federal income tax expense in the year the credit arises.

Dart and its domestic subsidiaries file a consolidated federal income tax return. Provision is made for United States income taxes on earnings of foreign subsidiaries except for those which are expected to be invested indefinitely.

Resort development Resort lot sales are accounted for on the instalment method until actual collection experience for a project indicates that collectibility of receivable balances is reasonably predictable, after which the accrual method will be used. Under the instalment method, the gross profit less direct selling expenses related to the portion of the sales price which is not received in cash is deferred at the time of sale and recognized as cash is collected. In the opinion of management, at December 31, 1976 none of Dart's projects qualifies for the accrual method.

Interest and property taxes relating to land held for sale or improvement are charged to earnings as incurred. Land and improvements are valued at the lower of cost or estimated net realizable value.

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Earnings and Retained Earnings

For the years ended December 31, 1976 and 1975

	1976	1975
Income:		
Net sales	**$1,476,240,000**	$1,280,407,000
Other income	**18,552,000**	15,069,000
	1,494,792,000	1,295,476,000
Costs and Expenses:		
Cost of goods sold and operating expenses	**876,401,000**	787,474,000
Selling, distribution and administrative expenses	**358,588,000**	290,802,000
Depreciation and amortization	**52,422,000**	46,228,000
Interest expense	**16,768,000**	14,484,000
	1,304,179,000	1,138,988,000
Earnings Before Income Taxes	**190,613,000**	156,488,000
Provision for income taxes	**89,000,000**	77,500,000
Net Earnings	**101,613,000**	78,988,000
Retained earnings at beginning of year	**386,013,000**	336,071,000
	487,626,000	415,059,000
Dividends:		
Cash—		
Preferred—$2 per share	**5,908,000**	5,910,000
Common—$.68 and $.59 per share	**15,045,000**	13,041,000
Common Stock, 3%, 653,500 shares at $33.75 per share paid in May 1976 and 630,900 shares at $16.00 per share paid in May 1975	**22,056,000**	10,095,000
	43,009,000	29,046,000
Retained Earnings at End of Year	**$ 444,617,000**	$ 386,013,000
Net Earnings Per Share of Common Stock:		
Primary	**$4.26**	$3.26
Fully diluted	**$4.00**	$3.10

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Dart Industries Inc. and Consolidated Subsidiaries

Balance Sheet

December 31, 1976 and 1975

Assets	1976	1975
Current assets:		
Cash	**$ 49,106,000**	$ 40,253,000
Marketable securities, at cost which approximates market	**140,271,000**	116,551,000
Total cash and marketable securities	**189,377,000**	156,804,000
Accounts and notes receivable	**181,901,000**	162,361,000
Inventories	**296,240,000**	259,816,000
Prepaid expenses	**14,765,000**	11,257,000
Deferred future income tax benefits	**26,600,000**	19,000,000
Total current assets	**708,883,000**	609,238,000
Resort development assets	**57,144,000**	72,546,000
Properties:		
Properties owned	**462,937,000**	400,095,000
Properties leased from others	**13,409,000**	14,624,000
Total properties	**476,346,000**	414,719,000
Investments and other assets:		
3M Company common stock held in escrow for exchange by holders of 4¼% and 4¾% debentures, at cost (market value: 1976—$47,961,000; 1975—$47,008,000)	**35,162,000**	35,162,000
Other assets, receivables and investments	**34,499,000**	44,053,000
Intangibles relating to businesses purchased, less amortization	**14,445,000**	14,969,000
Total investments and other assets	**84,106,000**	94,184,000
Total assets	**$1,326,479,000**	$1,190,687,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Liabilities and Stockholders' Equity	1976	1975
Current liabilities:		
Accounts payable	$ 68,737,000	$ 58,401,000
Accrued compensation	39,742,000	33,308,000
Other accrued expenses	77,987,000	74,965,000
Short term loans, foreign	16,350,000	9,152,000
Current instalments of discounted rental obligations	1,260,000	1,264,000
Current instalments of long term debt	6,407,000	6,671,000
Income taxes	32,800,000	31,400,000
Total current liabilities	243,283,000	215,161,000
Resort development liabilities	8,909,000	12,301,000
Discounted rental obligations, less current instalments	13,522,000	15,916,000
Long term debt, less current instalments	241,188,000	214,133,000
Deferred income taxes	54,500,000	49,400,000
Stockholders' equity:		
Preferred Stock	14,930,000	14,932,000
Common Stock	28,048,000	27,209,000
Capital in excess of par value	279,029,000	257,169,000
Retained earnings	444,617,000	386,013,000
	766,624,000	685,323,000
Less cost of reacquired shares of capital stock—Preferred—32,500; Common—700	1,547,000	1,547,000
Total stockholders' equity	765,077,000	683,776,000
Total liabilities and stockholders' equity	$1,326,479,000	$1,190,687,000

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Capital Stock

For the years ended December 31, 1976 and 1975

	1976		1975	
	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT
Preferred, $5.00 Par Value Authorized, 3,000,000 shares Series A $2 Cumulative Convertible (aggregate liquidating preference in 1976—$149,300,000)				
At Beginning of Year	**2,986,400**	**$14,932,000**	2,988,800	$14,944,000
Upon conversion into Common Stock	**(400)**	**(2,000)**	(2,400)	(12,000)
At End of Year, Including Reacquired Shares	**2,986,000**	**$14,930,000**	2,986,400	$14,932,000
Common, $1.25 Par Value Authorized, 35,000,000 shares				
At Beginning of Year	**21,766,800**	**$27,209,000**	21,133,500	$26,416,000
For stock dividend	**653,500**	**817,000**	630,900	789,000
Upon exercise of options	**18,100**	**22,000**		
Upon conversion of Preferred Stock	**400**		2,400	4,000
At End of Year, Including Reacquired Shares	**22,438,800**	**$28,048,000**	21,766,800	$27,209,000

Statement of Capital in Excess of Par Value

For the years ended December 31, 1976 and 1975

	1976	1975
At Beginning of Year	**$257,169,000**	$247,854,000
Excess of fair value over par value of Common Stock issued as stock dividend	**21,239,000**	9,306,000
Excess of option prices over par value of Common Stock issued upon exercise of options	**619,000**	
Upon conversion of Preferred Stock	**2,000**	9,000
At End of Year	**$279,029,000**	$257,169,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Changes in Financial Position

For the years ended December 31, 1976 and 1975

	1976	1975
Working Capital Provided by:		
Net earnings	$101,613,000	$ 78,988,000
Items not affecting working capital—		
Depreciation and amortization	52,422,000	46,228,000
Deferred income taxes	5,100,000	(2,500,000)
Provided by operations	159,135,000	122,716,000
Increase in long term debt	35,530,000	27,177,000
Reclassification of marketable securities		16,806,000
Reduction of investment in resort development	12,010,000	12,163,000
Sale of properties and other investments	7,097,000	1,553,000
Other	1,030,000	205,000
Total Working Capital Provided	214,802,000	180,620,000
Working Capital Used for:		
Properties and other assets purchased	111,457,000	101,895,000
Cash dividends paid—		
Preferred Stock	5,908,000	5,910,000
Common Stock	15,045,000	13,041,000
Decrease in long term debt	8,475,000	6,424,000
Discounted rental obligations	2,394,000	546,000
Total Working Capital Used	143,279,000	127,816,000
Working Capital Increase	$ 71,523,000	$ 52,804,000

	1976	1975
Changes in Components of Working Capital:		
Cash and marketable securities	$ 32,573,000	$ 62,795,000
Accounts and notes receivable	19,540,000	5,688,000
Inventories	36,424,000	(17,670,000)
Other current assets	11,108,000	2,116,000
Accounts payable	(10,336,000)	(4,500,000)
Accrued expenses	(9,456,000)	(188,000)
Short term loans, foreign	(7,198,000)	1,678,000
Income taxes	(1,400,000)	2,708,000
Other current liabilities	268,000	177,000
Working Capital Increase	$ 71,523,000	$ 52,804,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Notes to Financial Statements

Details of Balance Sheet

	1976	1975
ACCOUNTS AND NOTES RECEIVABLE:		
Trade	**$178,878,000**	$163,902,000
Other	**15,518,000**	11,223,000
	194,396,000	175,125,000
Less allowance for doubtful accounts	**12,495,000**	12,764,000
	$181,901,000	$162,361,000
INVENTORIES:		
Raw materials and supplies	**$ 95,476,000**	$ 85,321,000
Work in process	**33,320,000**	25,434,000
Finished goods	**167,444,000**	149,061,000
	$296,240,000	$259,816,000
PROPERTIES OWNED, AT COST (excluding resort development assets):		
Land	**$ 14,892,000**	$ 12,799,000
Buildings and improvements	**193,990,000**	173,711,000
Machinery and equipment	**535,557,000**	442,628,000
Construction in progress	**26,024,000**	48,080,000
	770,463,000	677,218,000
Less accumulated depreciation	**307,526,000**	277,123,000
	$462,937,000	$400,095,000
LONG TERM DEBT, LESS CURRENT INSTALMENTS:		
7½% Sinking Fund Debentures, due April 1, 1996, $60,000,000, less unamortized discount	**$ 59,796,000**	$ 59,779,000
4¼% Subordinated Debentures, due July 15, 1997 (exchangeable for 10.75 shares of 3M Company common stock per $1,000 debenture)	**60,000,000**	60,000,000
4¾% Subordinated Debentures, due August 15, 1987 (exchangeable for 10.1 shares of 3M Company common stock per $1,000 debenture)	**20,000,000**	20,000,000
Unsecured notes—		
4.042% to 5.75%, due in annual instalments to 1987	**38,557,000**	43,551,000
9⅞%, due in annual instalments from 1978 to 1995	**50,000,000**	25,000,000
Other	**12,835,000**	5,803,000
	$241,188,000	$214,133,000

Business combinations and dispositions

In 1976 and 1975, Dart acquired certain businesses for cash and accounted for such acquisitions as purchases. The operating results of these businesses have been included in Dart's financial statements from the dates of acquisition and were not significant. Certain businesses were sold during these years; their operating results were not significant.

In January 1977, Dart sold its United States Rexall Drug Company operations for approximately $16,000,000 in cash. The impact of this sale, after provisions made in prior years and related tax benefits, is not material to net earnings. Rexall had net sales of $45,000,000 and $48,000,000, in 1976 and 1975, respectively, and pre-tax operating earnings were $600,000 and $2,100,000, for these years.

International operations

A summary of accounts relating to foreign subsidiaries at December 31 (excluding intercompany accounts) follows:

	1976	1975
ASSETS:		
Current assets	**$171,103,000**	$148,881,000
Properties	**101,445,000**	79,945,000
Investments and other assets	**6,990,000**	5,848,000
Total assets	**279,538,000**	234,674,000
LIABILITIES:		
Current liabilities	**85,892,000**	72,361,000
Long term debt and deferred income taxes	**21,500,000**	9,555,000
Total liabilities	**107,392,000**	81,916,000
Net assets of foreign subsidiaries in consolidation	**$172,146,000**	$152,758,000

Net sales from operations outside the United States were $364,090,000 in 1976 and $339,589,000 in 1975. Exchange losses were negligible in 1976 and $2,177,000 in 1975. Undistributed earnings of foreign subsidiaries included in consolidation were $9,522,000 for 1976 and $12,294,000 for 1975 and aggregated $106,007,000 at December 31, 1976. Dart has not considered it necessary to provide for deferred United States income taxes in excess of available foreign tax credits on this total because it has been or is expected to be reinvested outside the United States for an indefinite period of time. Dividends of $23,817,000 in 1976 and $14,672,000 in 1975 were received from foreign subsidiaries.

Cash

Yearend cash balances included $18,428,000 and $12,325,000, at December 31, 1976 and 1975, respectively, which were invested in short term certificates of deposit or interest bearing time deposit accounts.

Resort development operations

A summary of accounts relating to resort development operations at December 31 (excluding intercompany accounts) follows:

	1976	1975
ASSETS:		
Cash, prepaid expenses, etc.	**$ 791,000**	$ 1,394,000
Notes receivable, principally 8¼%	**27,480,000**	29,466,000
Deferred profit on land sales	**(9,327,000)**	(7,463,000)
Land and improvements	**33,706,000**	42,200,000
Properties and other assets	**4,494,000**	6,949,000
Total assets	**$57,144,000**	$72,546,000
LIABILITIES:		
Accounts payable, accrued costs and expenses, etc.	**$ 8,909,000**	$12,301,000
Total liabilities	**$ 8,909,000**	$12,301,000

Principal collections on notes receivable are due in the five years subsequent to December 31, 1976 as follows: 1977—$3,570,000; 1978—$3,772,000; 1979—$3,825,000; 1980—$3,996,000; 1981—$2,900,000.

Total estimated costs to complete improvements relating to active projects, based on management estimates and engineering studies, amount to $3,600,000 and anticipated expenditures relating to such improvements are expected to be incurred as follows: 1977—$1,700,000; 1978—$1,300,000; after 1978—$600,000.

"Cost of goods sold and operating expenses" includes deferred profit on resort lot sales of $2,255,000 for 1976 and $1,221,000 for 1975. Profit, previously deferred, taken into earnings aggregated $1,899,000 for 1976 and $2,337,000 for 1975.

Notes to Financial Statements (continued)

Properties leased from others

Dart has recorded as assets the cost of certain properties leased from others. The related discounted lease obligations are set forth separately in the accompanying balance sheet. Dart has no legal responsibility for payments under the terms of any of these leases except for rent, insurance, taxes and maintenance.

These lease obligations are payable approximately $2,000,000 in 1977, and in decreasing amounts thereafter to 1993. Commitments under other leases are shown in a following Note.

Income taxes

Income taxes charged to earnings consist of the following:

	1976	1975
PAYABLE CURRENTLY:		
Federal	$52,900,000	$43,700,000
Foreign	31,000,000	33,000,000
State	7,600,000	5,400,000
	91,500,000	82,100,000
TAX EFFECT OF TIMING DIFFERENCES:		
Federal	(5,100,000)	(1,600,000)
Foreign	2,600,000	(2,800,000)
State		(200,000)
	(2,500,000)	(4,600,000)
Provision for income taxes	$89,000,000	$77,500,000

The tax effect of timing differences, resulting from variances between accounting for financial statement purposes and accounting for tax purposes, is as follows:

	1976	1975
Depreciation	$ 9,560,000	$ 3,850,000
Instalment sales	(2,340,000)	(1,440,000)
Accrued taxes and other expenses not deductible until paid	(6,600,000)	(7,010,000)
Provision for elimination, change or sale of certain operations	(3,120,000)	
Tax effect of timing differences	$(2,500,000)	$(4,600,000)

Income taxes charged to earnings differ from an amount computed using the United States federal income tax rate of 48%. A reconciliation between an amount computed using the 48% rate and the provision for income taxes is as follows:

	1976	1975
Amount computed using the 48% rate	$91,500,000	$75,100,000
Increases (reductions) in taxes result from:		
State income taxes	4,000,000	2,700,000
Foreign income taxes	1,500,000	2,800,000
Investment tax credit	(6,900,000)	(2,600,000)
Other	(1,100,000)	(500,000)
Provision for income taxes	$89,000,000	$77,500,000

Short term loans and borrowing arrangements

Short term loans, foreign, are unsecured and aggregated a maximum of $19,318,000 and $10,912,000 at any monthend in 1976 and 1975, respectively. Weighted average borrowings and interest rates during the year, based on amounts outstanding at each monthend, were $11,723,000 and 11.3% in 1976 and $9,423,000 and 10.5% in 1975. At December 31, 1976 and 1975, the weighted average interest rates were 11.8% and 11.6%, respectively.

Unused lines of short term credit, primarily with United States banks, totaled $44,200,000 at December 31,1976 and provide for unsecured ninety day loans generally at the banks' prime rates. Compensating balance requirements under these credit lines are not material.

Long term debt

Total principal payments due on long term debt in the five years subsequent to December 31, 1976 are as follows: 1977—$6,407,000; 1978—$8,716,000; 1979—$8,125,000; 1980—$8,037,000; 1981—$16,244,000.

The 7½% Debentures are due April 1, 1996. Through the operation of a mandatory sinking fund, Dart is obligated to redeem $4,000,000 aggregate principal amount of these Debentures on April 1 in each of the years 1982 through 1995. Dart has the option to redeem through the sinking fund an additional $4,000,000 aggregate principal amount in each such year. All sinking fund redemptions, mandatory or optional, are to be made at 100% of the principal amount of the debentures redeemed. Debentures acquired or redeemed otherwise than through the operation of the sinking fund may be credited against the sinking fund requirements.

Under loan agreements with certain insurance companies, approximately $240,000,000 of the consolidated retained earnings at December 31, 1976 is not restricted as to payment of cash dividends. The agreements impose no restrictions on payment of stock dividends.

Stock options

1,236,000 shares of Dart Common Stock are reserved for options granted or available for grant to officers and employees under stockholder approved stock option plans. Options for 1,346,100 shares were exercised prior to 1976.

Under the plans, the option purchase price for all options granted is 100 percent of the fair market value of the shares on the date of grant. Options granted are exercisable in instalments after one year and before the end of five years or ten years depending on the nature of the option. Proceeds received from exercise of options are credited to the capital accounts.

A summary of changes during 1976 follows:

	OPTIONS OUTSTANDING		
	SHARES	PRICE RANGE	AMOUNT
At beginning of year	649,600	$21.84 to $50.31	$24,827,000
Adjustment for stock dividend	18,900		
Options granted	76,000	$31.94 to $37.00	2,494,000
Options exercised	(18,100)	$34.38 to $37.44	(641,000)
Options canceled	(83,000)	$22.45 to $47.64	(2,890,000)
At end of year	643,400	$21.84 to $50.31	$23,790,000

At December 31, 1976, options for 485,400 shares of Common Stock were exercisable at prices ranging from $21.84 to $50.31 and 592,600 shares were available for grant.

Preferred Stock

Holders of the Series A $2 Cumulative Convertible Preferred Stock are entitled to receive $2 per share annual cash dividends, to one vote per share and, upon any voluntary liquidation, dissolution or winding up, to receive $50 per share plus accrued unpaid dividends. Each share of the Preferred Stock is convertible by the holder into Common Stock on a share for share basis adjusted for stock dividends in excess of 3% in any one year or for recapitalization. The Preferred Stock may be called for redemption at $55 per share plus accrued unpaid dividends.

Retirement plans

Dart and certain of its United States subsidiaries continued the contributory profit sharing retirement plan, established in 1955, and the non-contributory pension plan, established in 1975, which together constitute the principal retirement program covering all employees who have one or more years of employment with Dart, and who are not covered by a collective bargaining agreement or by another company-sponsored retirement plan. Dart and its subsidiaries also have several pension plans covering substantially all of their employees not covered by the principal retirement program, including certain employees in foreign countries.

The contribution to be made under the Dart profit sharing plan amounted to $8,243,000 for 1976 and was $6,496,000 for 1975. The total pension expense was $10,216,000 for 1976 and $8,311,000 for 1975 which includes, as applicable, amortization of prior service cost principally over a period of 30 years.

The aggregate Dart contribution to the profit sharing plan in any year is based upon consolidated earnings before federal income taxes, as defined, is limited to six per cent of such earnings and cannot exceed the amount deductible for federal income tax purposes. The computations include net earnings of certain divisions whose employees do not participate in the Dart plan, but who participate in previously existing retirement plans which have been continued in effect.

With respect to pension plans, Dart's policy is, generally, to contribute pension cost accrued. The actuarially computed value of vested benefits for all plans exceeded, as of December 31, 1976, the total of pension fund assets and accruals by about $26,400,000. The total estimated unfunded prior service cost relative to all pension plans in effect was approximately $57,000,000 at December 31, 1976.

Incentive compensation

Under the formula incorporated in Dart's 1962 stockholder approved Incentive Compensation Plan for principal officers and key employees, the Incentive Compensation Committee and the Executive Committee of the Board of Directors awarded to 94 principal officers and key employees $1,956,000 ($1,417,000 for 1975) of the total of $7,006,000 available for 1976. No outside director participates in this plan.

Pursuant to stockholder authority granted in 1962, various other approved plans are in effect for divisions and subsidiaries of Dart. No principal officer or director participates in these plans. The above named committees awarded $6,509,000 ($6,053,000 for 1975) to 466 persons in these categories. The total amount available under the plans was $11,892,000.

Amounts available but not awarded under such plans are not available for future awards.

Capital expenditures

It is estimated that capital expenditures for 1977 will be about $120,000,000.

Earnings per share of Common Stock

Primary earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period increased by the effect of dilutive stock options. Such increased average shares were 22,451,000 for 1976 and 22,420,100 for 1975. Net earnings attributable to Common Stock are after deducting Preferred dividend requirements.

Fully diluted earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period, assumption of conversion of Series A $2 Cumulative Convertible Preferred Stock and assumption of exercise of all dilutive stock options. Such increased average shares were 25,405,700 for 1976 and 25,466,400 for 1975.

All per share amounts give retroactive effect to stock dividends paid.

Commitments and contingencies

Dart leases real estate, transportation equipment and other machinery and equipment under short and long term, cancelable and noncancelable lease agreements which generally provide for fixed monthly payments over the terms of the leases. Many leases require additional payments for property taxes, insurance and maintenance. Information concerning certain capitalized leases is contained in a preceding Note.

Rental expense (reduced by sublease income of $2,612,000 in 1976 and $2,750,000 in 1975) totaled $33,291,000 in 1976 and $29,678,000 in 1975 and included $11,642,000 and $16,856,000, respectively, relating to capital leases as defined by the Financial Accounting Standards Board.

Minimum rental commitments under noncancelable leases in effect at December 31, 1976, net of sublease rentals receivable of $8,112,000, are payable as follows:

	MINIMUM RENTAL COMMITMENTS		
	REAL ESTATE	TRANSPORTATION EQUIPMENT	MACHINERY AND EQUIPMENT
Payable in—			
1977	$ 5,100,000	$14,496,000	$1,648,000
1978	4,682,000	7,724,000	1,255,000
1979	4,109,000	4,120,000	779,000
1980	3,398,000	2,233,000	327,000
1981	2,555,000	1,140,000	220,000
1982-1986	5,816,000	3,796,000	251,000
1987-1991	1,604,000	976,000	
1992-1996	675,000		
after 1996	1,713,000		
	$29,652,000	$34,485,000	$4,480,000

Amounts applicable to capital leases included in the above table are as follows: 1977—$11,265,000; 1978—$8,332,000; 1979—$5,708,000; 1980—$3,418,000; 1981—$2,167,000; 1982 to 1986—$7,594,000; 1987 to 1991— $2,049,000; 1992 to 1996—$506,000; after 1996—$1,679,000.

The present value of the minimum rental commitments under capital leases and the impact on Dart's financial position and results of operations of the assumed capitalization of such leases is not material.

Dart is a defendant in a purported class action suit in which substantial damages are claimed involving its Tahoe Donner resort development project. The actions relating to the Bear Valley Springs and Valley Hi projects and two other land projects in which Dart has a minority interest were finally settled in 1976 with the obtaining of court approval of the Settlement Agreements and the payment or agreement to pay by Dart of refunds and legal and administrative expenses aggregating $3,000,000, which was charged to earnings in 1975. In addition, other law suits have been filed against Dart relative to its present and former operations. In the opinion of management and legal counsel, the ultimate disposition of the suits would not have a materially adverse effect on Dart's financial position or results of operations.

Supplementary earnings statement information

Charges to costs and expenses for the years ended December 31 include the following:

	1976	1975
Maintenance and repairs	**$44,120,000**	$37,088,000
Taxes, except income taxes:		
Payroll	**24,240,000**	21,823,000
Property, business and other	**11,727,000**	11,179,000
Advertising	**10,922,000**	10,674,000
Research and development	**7,239,000**	7,137,000

Notes to Financial Statements (continued)

Unaudited interim financial information for 1976

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net sales	$358,884,000	$370,905,000	$362,453,000	$383,998,000
Cost of goods sold and operating expenses	209,574,000	214,564,000	220,998,000	231,265,000
Earnings before taxes	52,324,000	52,698,000	39,499,000	46,092,000
Net earnings	27,674,000	26,798,000	21,799,000	25,342,000
Earnings per share of Common Stock:				
Primary	1.17	1.12	.91	1.06
Fully diluted	1.09	1.05	.86	1.00

Unaudited general description of the impact of inflation

Dart's diverse lines of business have generally experienced inflationary pressures on production and other costs to varying degrees based upon changes in price levels of the basic raw materials and other goods and services used by each business in its operations. The magnitude of the changes fluctuates from business to business and within businesses by geographic area. The ability of each business to compensate for increases in the prices of specific goods and services by increasing sales prices is affected by competitive conditions in the markets in which the businesses operate. The diversity of Dart's businesses has tended to minimize overall any adverse effects on earnings from uncompensated inflation in any one of its operations.

Replacing items of plant and equipment with assets having equivalent productive capacity has usually required a greater capital investment than was required to purchase the assets being replaced. The additional capital investment principally reflects the cumulative impact of inflation on the long-lived nature of these assets.

Dart's annual report on Form 10-K (a copy of which is available upon request) contains specific information with respect to yearend 1976 estimated replacement cost of inventories and productive capacity and the approximate effect which estimated replacement cost would have had on the computation of cost of goods sold and depreciation expense for the year.

Sales and Earnings by Quarter

(Amounts in millions except per share data)

	1976				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
Net sales	**$359**	**$371**	**$362**	**$384**	**$1,476**
Cost of goods sold and operating expenses	**210**	**214**	**221**	**231**	**876**
Earnings before taxes	**52**	**53**	**40**	**46**	**191**
Net earnings	**27.7**	**26.8**	**21.8**	**25.3**	**101.6**
Earnings per share					
Primary/fully diluted	**1.17/1.09**	**1.12/1.05**	**.91/.86**	**1.06/1.00**	**4.26/4.00**
Stock price range—high/low(1)					
Common	**41/27½**	**36⅞/31¾**	**37⅞/32⅛**	**36½/29⅜**	**41/27½**
Preferred	**41½/32¼**	**40¼/34**	**40⅜/35½**	**40/32½**	**41½/32¼**
Cash dividends paid					
Common	**.16**	**.16**	**.16**	**.20**	**.68**
Preferred		**1.00**		**1.00**	**2.00**

	1975				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
Net sales	$288	$317	$327	$348	$1,280
Cost of goods sold and operating expenses	176	184	202	225	787
Earnings before taxes	34	40	35	47	156
Net earnings	19.0	20.6	15.7	23.7	79.0
Earnings per share(2)					
Primary/fully diluted	.78/.74	.85/.81	.64/.62	.99/.93	3.26/3.10
Stock price range—high/low(1)					
Common(2)	23⅞/12⅛	27⅞/20¼	27⅛/21	28⅝/23⅛	28⅝/12⅛
Preferred	29/20½	31¾/24½	32/26	34½/28⅝	34½/20½
Cash dividends paid					
Common	.15	.15	.15	.16	.59(2)
Preferred		1.00		1.00	2.00

1. *Dart Industries' Common and Preferred Stocks are traded principally on the New York Stock Exchange under the symbols "D" and "DPr," respectively. Prices noted are based on NYSE market prices.*

2. *Adjusted for 3% Common Stock dividend paid in May 1976.*

Dart Industries Inc. and Consolidated Subsidiaries

Five Year Summary of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dart Industries' net sales and net earnings have increased in each of the past five years. Certain trends during the recent past are discussed below.

1976 Compared with 1975

Net sales in 1976 increased $196 million (15%) over the 1975 level. Sales improvements were most significant in the Direct Selling, Chemicals and Plastics lines of business where combined volume increases exceeded $120 million. The remaining portion of the sales increase was generally attributed to increases in selling prices throughout all lines of business. Net sales from operations outside the United States were $364 million, an increase of $24 million (7%) over 1975, and accounted for 25% of total 1976 net sales.

Cost of goods sold and operating expenses increased $89 million (11%) over the 1975 level and was a lesser percentage of net sales in 1976 (59%) than in 1975 (62%). Increased sales volume and sales prices more than offset increased costs of raw materials, labor and overhead except in the Chemicals line of business which came under increased pressure on margins.

Depreciation and amortization increased $6 million (13%) over 1975 as a result of large expenditures on properties in the past two years.

Interest expense increased $2 million (16%) over 1975 principally as a result of $25 million of long term borrowing in December 1975.

Provision for income taxes increased $12 million (15%) over 1975 reflecting the improvement in earnings, while the effective tax rate declined from 50% to 47% principally as a result of investment tax credits aggregating $7 million in 1976.

1975 Compared with 1974

Net sales in 1975 increased $62 million (5%) over the 1974 level. Sales improvements of $65 million were attained in the Direct Selling line of business primarily as a result of increased sales volume outside the United States. Price increases were the major factor contributing to the $37 million sales increase of the Glass Containers line of business, while sharply reduced demand early in the year was the principal cause for reduced Chemicals sales of $32 million. Demand for Chemicals products had recovered to near-1974 levels by the fourth quarter.

The relationship of cost of goods sold and operating expenses to net sales deteriorated slightly in 1975, representative of cost increases across a broad spectrum of products and services. Lower levels of production for consumer products, chemicals and plastics, implemented during the year in order to reduce inventory balances, added to unit production cost.

Depreciation and amortization has increased in each year as a result of additions to properties.

Earnings before taxes reflect the improvement attributable to the absence of substantial 1974 losses on marketable securities and the sale of a resort development project.

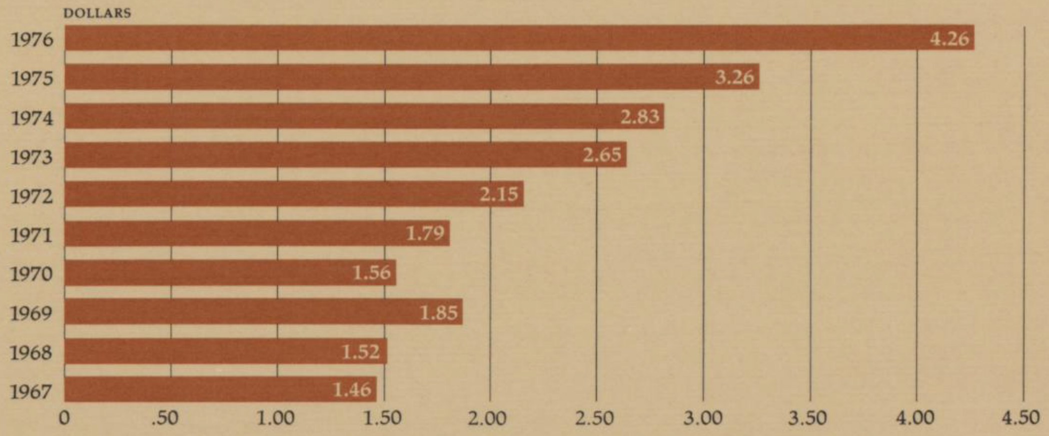
(Dollar amounts in thousands except per share data)
For the Year
Net sales
Cost of goods sold and operating expenses
Depreciation and amortization
Interest expense
Earnings before taxes and extraordinary items
Provision for income taxes
Earnings before extraordinary items
Extraordinary items, net of applicable income taxes
Net earnings
Earnings per share of Common Stock
Primary
Before extraordinary items
Net earnings
Fully diluted
Before extraordinary items
Net earnings
Cash dividends per share of Common Stock
Cash dividends paid
Common Stock
Preferred Stock
Common Stock dividends
Net earnings applicable to Common Stock after Preferred dividend requirements
Properties and other assets purchased
At Yearend
Current assets
Current liabilities
Working capital
Properties owned (net)
Total assets
Long term debt
Deferred income taxes
Stockholders' equity
Shares of stock outstanding
Common
Preferred
Stockholders
Common
Preferred
Employees

1976	1975	1974	1973	1972
$1,476,240	$1,280,407	$1,218,042	$ 993,322	$ 892,380
876,401	787,474	724,204	600,878	529,108
52,422	46,228	44,105	38,703	34,346
16,768	14,484	14,648	13,915	12,222
190,613	156,488	140,690	122,522	104,597
89,000	77,500	71,393	57,600	50,600
101,613	78,988	69,297	64,922	53,997
				1,143
101,613	78,988	69,297	64,922	55,140
4.26	3.26	2.83	2.65	2.15
4.26	3.26	2.83	2.65	2.21
4.00	3.10	2.71	2.55	2.10
4.00	3.10	2.71	2.55	2.14
.68	.59	.43	.30	.26
15,045	13,041	9,334	6,538	5,783
5,908	5,910	5,913	5,913	5,916
3%	3%	3%	3%	3%
95,705	73,078	63,384	59,009	49,224
111,457	101,895	74,944	68,815	69,543
$ 708,883	$ 609,238	$ 556,309	$ 417,311	$ 438,765
243,283	215,161	215,036	171,529	155,624
465,600	394,077	341,273	245,782	283,141
462,937	400,095	354,041	325,162	300,760
1,326,479	1,190,687	1,114,858	1,035,722	978,096
241,188	214,133	193,380	197,878	204,925
54,500	49,400	51,900	54,400	51,500
765,077	683,776	623,738	568,560	513,047
22,438,100	22,419,100	22,416,200	22,223,600	22,103,400
2,953,500	2,953,900	2,956,300	2,956,400	2,957,100
30,231	31,141	32,088	32,110	32,591
5,696	5,929	6,028	5,476	5,396
29,801	28,612	29,566	28,483	28,124

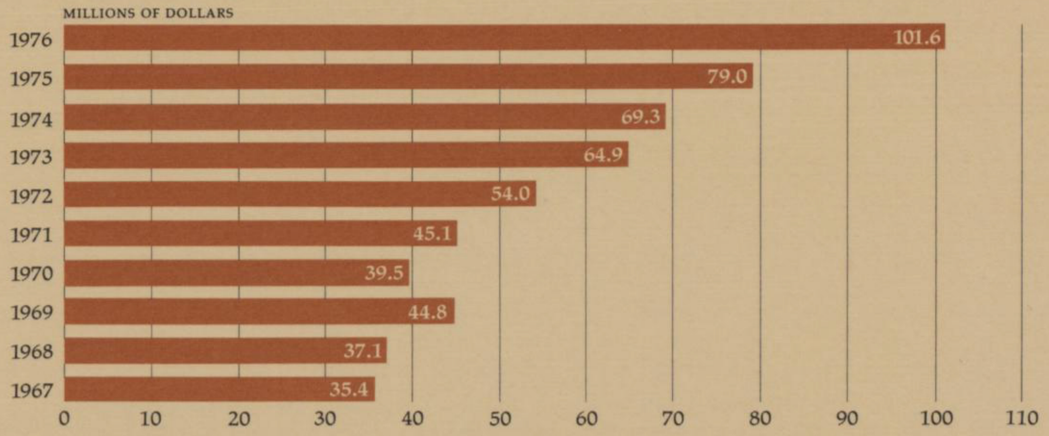
The shares of Common Stock outstanding, cash dividends per share and earnings per share for 1975 and prior years have been adjusted retroactively to give effect to subsequent stock dividends.

Ten Years at a Glance

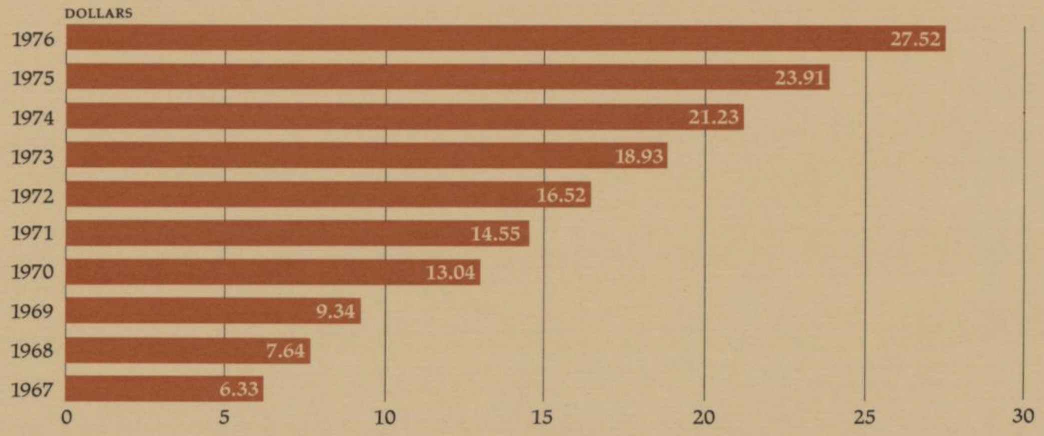
Earnings Per Share(1)(2)



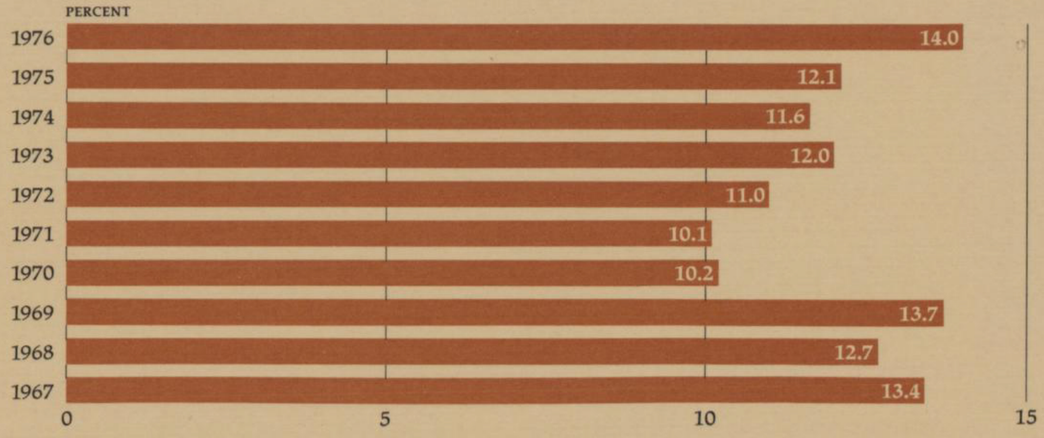
Total Net Earnings(2)



Book Value Per Common Share(1)



After-Tax Return on Average Stockholders' Equity(2)



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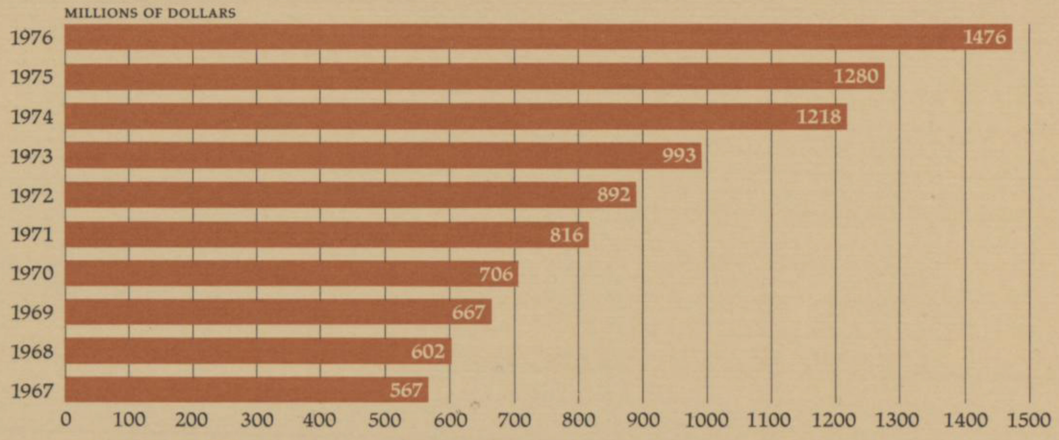
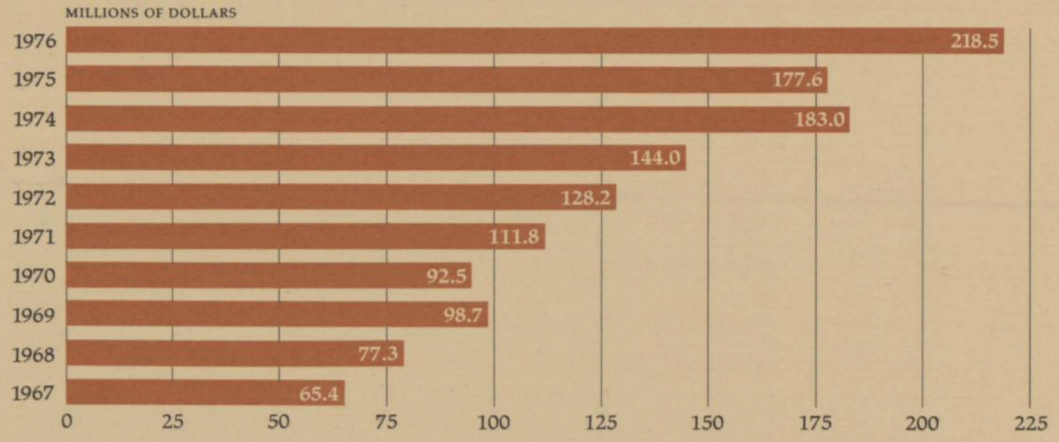
1. *Years prior to 1976 restated for 3% stock dividend paid May 27, 1976.*
2. *Does not include extraordinary gains.*
3. *Before Corporate charges.*

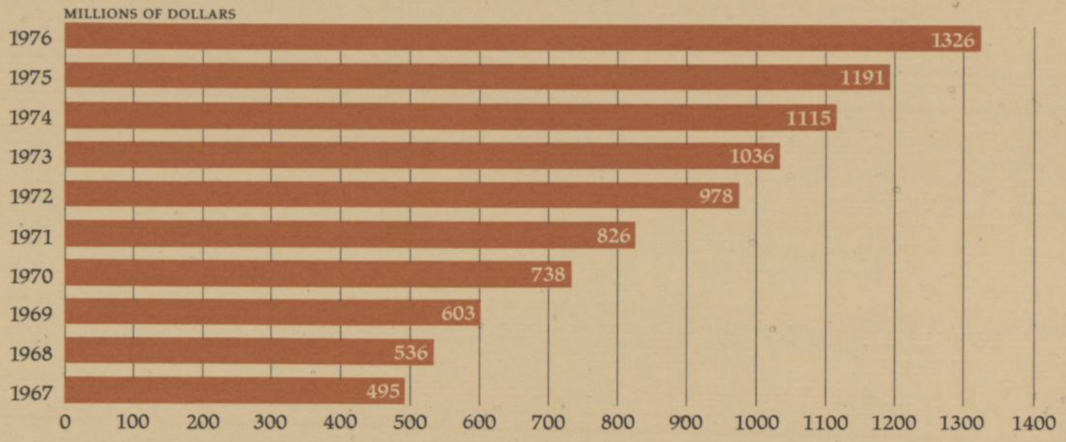
Total Net Sales



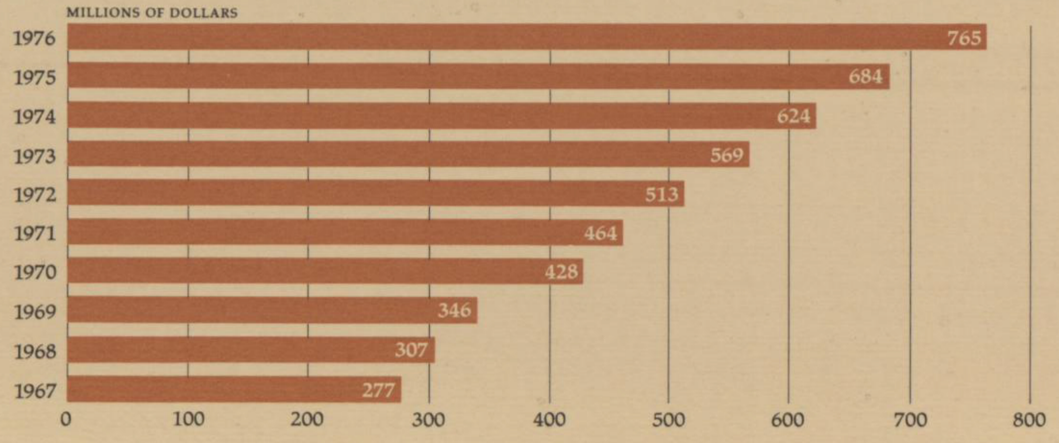
Pre-Tax Operating Earnings(3)



Total Assets



Stockholders' Equity



Board of Directors

***Curtis Barkes**	Director and Chairman of the Finance and Audit Committee, UAL, Inc.
Robert T. Beattie	Executive Vice President; President and Chief Executive Officer, Consumer Products Group
Russell K. Bolton	Vice President and General Counsel
Donald H. Brewer	Vice Chairman of the Board of Directors; Executive Vice President, Finance and Administration
***Edward E. Carlson**	Chairman, Chief Executive Officer and Director, UAL, Inc.; Director of United Airlines and other UAL subsidiaries; Director of Aluminum Company of America, Deere & Company, First Chicago Corp., First National Bank of Chicago, Seattle-First National Bank, Seafirst Corp., New England Fish Company, and Univar Corp.
‡*Helen K. Copley	Chairman and Chief Executive Officer of The Copley Press Inc., and Publisher of The San Diego Union and Evening Tribune newspapers
Justin Dart	Chairman of the Board of Directors and Chief Executive Officer
***William T. Gossett**	Partner, Dykema, Gossett, Spencer, Goodnow & Trigg, Attorneys, Detroit, Michigan; Past President, American Bar Association; Director of One William Street Fund, Inc.; Chairman Emeritus, Executive Committee, Twentieth Century-Fox Film Corporation
†*Alfred M. Gruenther	General, United States Army (Retired); former President, American Red Cross; Director of Institute for Defense Analysis; member of the Business Council
Joseph Hara	President, Tupperware U.S. and Executive Vice President, Tupperware International
Ralph M. Knight	Executive Vice President; President and Chief Executive Officer, Chemical Group
Thomas P. Mullaney	President and Chief Operating Officer
***Franklin B. Pollock**	Retired Vice Chairman of the Board of Directors
***Elwood R. Quesada**	Lieut. General, United States Air Force (Retired); Chairman of the Board and Chief Executive Officer, L'Enfant Plaza Properties, Inc., urban development complex in Washington, D.C.; Chairman of the Board and President, Pennsylvania Avenue Development Corporation, U.S. Government Corporation charged with rebuilding the north side of Pennsylvania Avenue
***Stanley M. Rumbough, Jr.**	Investments and business development; Director of International Flavors and Fragrances, Inc., and other Corporations
***Jacob W. Stutzman, M.D.**	President of Riker Laboratories, Inc., ethical drug manufacturer and a subsidiary of The 3M Company
***Holmes Tuttle**	President and Director of Holmes Tuttle Enterprises; Director Emeritus of Trans World Airlines, Inc.; Director of Community Bank and Challenge-Cook Bros., Inc., Los Angeles, California
Hamer F. Wilson	Executive Vice President; Chairman and Chief Executive Officer, Direct Selling Group
Ralph Wilson, Jr., D.D.S.	President of Ralph Wilson Plastics sector, Plastics Group
***R. D. Ziegler**	President and Director of the Ziegler Company, Inc., financial services holding company; Director of Western Publishing Company, Inc., and Globe-Union, Incorporated, manufacturer of batteries and electrical components
Honorary Directors	Ernest R. Breech
	John C. Cornelius

**Outside directors   † Will not stand for reelection in 1977   ‡ Resigned February 8, 1977*

Officers and Committees

Officers

Justin Dart, *Chairman of the Board of Directors and Chief Executive Officer*

Thomas P. Mullaney, *President and Chief Operating Officer*

Donald H. Brewer, *Vice Chairman of the Board of Directors and Executive Vice President, Finance and Administration*

Robert T. Beattie, *Executive Vice President; President and Chief Executive, Consumer Products Group*

Ralph M. Knight, *Executive Vice President; President and Chief Executive, Chemical Group*

Hamer F. Wilson, *Executive Vice President; Chairman and Chief Executive, Direct Selling Group*

Norbert Baillen, *Vice President, Europe and South America, Corporate Development*

Russell K. Bolton, *Vice President and General Counsel*

Vincent R. Cucina, *Vice President, Financial Planning*

Elmer M. Davis, *Vice President; President, Housewares division, Consumer Products Group*

John P. Del Favero, *Vice President; President and Chief Executive, Plastics Group*

William H. Greenberg, *Vice President; President and Chief Executive, Glass Containers Group*

Thomas M. Mullen, *Vice President and Treasurer*

William R. Palmer, *Vice President and Controller*

John C. Phifer, *Vice President; Executive Vice President, Finance and Administration sector, Chemical Group*

Herschel A. Phillips, *Vice President, Labor Relations*

James P. Schwartz, *Vice President; President, Styro and Specialty Products sector, Plastics Group*

Norman Wicks, *Vice President, Corporate Relations*

Edgar Thedens, *Secretary*

Executive Committee

Justin Dart, *Chairman*
Curtis Barkes
Donald H. Brewer
William T. Gossett
Alfred M. Gruenther
Thomas P. Mullaney
Holmes Tuttle
Dale Reis, *Secretary*

Audit Committee

Curtis Barkes, *Chairman*
William T. Gossett
Alfred M. Gruenther
Holmes Tuttle

Stock Option and Incentive Compensation Committee

Holmes Tuttle, *Chairman*
William T. Gossett
Alfred M. Gruenther

Executive Personnel Committee

Alfred M. Gruenther, *Chairman*
Edward E. Carlson
Holmes Tuttle

Retirement Plans Committee

Russell K. Bolton, *Chairman*
Robert T. Beattie
Donald H. Brewer
Ralph M. Knight
Ralph Wilson, Jr.
R. D. Ziegler
Wendell Fish, *Secretary*

Dart Industries Inc. Companies and Products

Direct Selling Group
Headquarters—Orlando, Florida
Tupperware division—*Food preparation, storage and serving containers; toys*
Vanda Beauty Counselor division—*Cosmetics and toiletries*

Consumer Products Group
Headquarters—Los Angeles, California
Babcock-Phillips—*Furniture, cushions, pillows, hassocks*
Coppercraft Guild—Coppercraft Guild Canada—*Copper giftware, jewelry and decorative items*
Nappe-Smith Company—*Insulated bags, specialty carrying cases*
Syroco–Syroco Canada—*Home decorative accessories, casual furniture*
Thermo-Serv—*Insulated and non-insulated serving ware*
The West Bend Company–West Bend of Canada—*Cookware, electric housewares, humidifiers*

Resort Development Group
Headquarters—Los Angeles, California
Dart Resorts—*Development and marketing of recreational resorts*

Corporate Staff
Headquarters—Los Angeles, California
Corporate Staff services

Chemical Group
Headquarters—Los Angeles, California

PLASTIC RAW MATERIALS SECTOR
CT Film—*Packaging film (jointly owned with El Paso Products Company)*
Rexene Polyolefins Company—*Polyethylene, polypropylene and olefins (joint venture with El Paso Products Company, olefins by El Paso)*
Rexene Styrenics—*Polystyrene, ABS, oriented polystyrene sheeting*
Southwest Latex Company—*Styrene-butadiene latices*

CHEMICAL SPECIALTIES SECTOR
Catalyst division–Aztec/PureChem—*Organic peroxides and peresters, titanium trichloride*
Electrochemicals—*Chemicals for electroplating*
Fiberfil—*Fiberglass-reinforced and filled thermoplastics*
Synthetic Products—*Metallic stearates, vinyl stabilizers*
Wilson Products—*Color concentrates and dispersions*

ENVIRONMENT AND SERVICES SECTOR
Capital Controls—*Chlorinators and control systems for water purification and waste treatment*
Century Fiberglass—*Fiberglass-reinforced plastic tanks and pipe, air scrubbers for pollution control*
Environmental Research Company—*Air and water pollution control systems*
Fluid-Ionic Systems—*Wet electrostatic precipitators for industrial air pollution control*
Heil Process Equipment—*Pollution control and chemical processing equipment*
Lancy Laboratories—*Waste treatment engineering and services*

DEVELOPMENT AND ENGINEERING SECTOR
Research and development, facilities construction

Plastics Group
Headquarters—Los Angeles, California

RALPH WILSON PLASTICS SECTOR
Plastic Clad—*Counter tops for residential and commercial application*
Wilson Art—*Decorative laminates, laminated art*
Woodtape—*Wood and woodgrained edgings*

PACKAGING SECTOR
Thatcher Plastic Packaging—*Tubes, closures, seals*
Imco Companies (Belgium, Holland, England, Spain, Australia)—*Plastic bottles*

STYRO AND SPECIALTY PRODUCTS SECTOR
Thompson Industries, Rexcel, Canada Cup, Insulpak, Ltd., Camira, N.V.—*Plastic cups, food containers and dinnerware*
Action Plastics—*Extruded specialties*
Action Plastics and Rubber Company (Belgium)—*Extruded specialties and aerosol gaskets*
American Gasket and Rubber—*Aerosol gaskets, rubber products*
Colorite Plastics—*Garden hose, compounding*
Seamless Hospital—*Medical and surgical products*
Seamco—*Sporting goods and recreational products*

Glass Containers Group
Headquarters—White Plains, N.Y.
Thatcher Glass—*Convenience packaging*

Transfer Agents
Morgan Guaranty Trust
Company of New York,
New York, N.Y.

State Street Bank and Trust Company
Boston, Mass.

Bank of America National Trust and
Savings Association
San Francisco, Calif.

Registrars
The Chase Manhattan Bank,
New York, N.Y.

The National Shawmut Bank of Boston,
Boston, Mass.

United California Bank,
San Francisco, Calif.

Independent Accountants
Price Waterhouse & Co.

Additional copies of this Annual Report will be furnished upon request free of charge. Copies of the Company's Form 10-K, without exhibits, will be furnished upon request free of charge and copies of the exhibits to Form 10-K will be furnished upon request at a charge of $2.00
Write to:

Corporate Secretary
Dart Industries Inc.
P.O. Box 3157, Terminal Annex
Los Angeles, California 90051

Dart Industries Inc. Annual Report 1976